Registre de Commerce et des Sociétés
B37604 - L150080294
déposé le 11/05/2015

MENTION

Nom de la Société : **LOMBARD INTERNATIONAL ASSURANCE S.A**
Siège social : 4 rue Lou Hemmer, L-1748 Luxembourg
N° du Registre de Commerce : B 37604

Les comptes annuels au **31 décembre 2014**
ont été déposés au Registre de Commerce et des Sociétés.

Pour mention aux fins de publication au Mémorial, Recueil Spécial des Sociétés et Associations.

Luxembourg, le 4 Mai 2015

Signature :

Audrey Coque
Secrétaire Général

Registre de Commerce et des Sociétés
B37604 - L150080294
enregistré et déposé le 11/05/2015

LOMBARD INTERNATIONAL ASSURANCE S.A.
SOCIÉTÉ ANONYME

ANNUAL ACCOUNTS

For the year ended 31 December 2014

(with the report of the Réviseur d'Entreprises Agréé thereon)

4, rue Lou Hemmer
L-1748 Luxembourg
Grand-Duché de Luxembourg
R.C.S. Luxembourg No. B 37.604

DIRECTORS' REPORT

The Directors present their report and annual accounts for the year ended 31 December 2014. These accounts have been prepared to comply with the Insurance Accounts Directive 91/674/EEC, which became effective for the year commencing 1 January 1995.

Principal Activities

The Company conducts the business of writing unit-linked life assurance policies.

Results

Lombard International Assurance S.A. demonstrated a good financial performance during a year which saw the Company being acquired by funds managed by Blackstone. Both sales and assets under administration showed double digit percentage growth.

New business premium income has reached €2.8 billion, a growth of 24% on last year. This growth was spread over a number of markets continuing to demonstrate the advantages of the Company's international presence and resulting diversification.

Total assets under administration continued to grow, thanks to both net inflows and positive investment market performance. Assets under administration have reached a new record high of €25.7 billion, an increase of 11% on 2013.

The Company continued to exhibit sustained cash and underlying profit generation, benefiting from the growth in the in-force book and controlled operating expenses. Reported net profit is below the previous year, as the Company incurred one-off costs linked to the restructuration of its branch in Switzerland and transaction costs incurred in relation to the change in its shareholder.

Further ddetails of the results for the year are shown in the attached annual accounts.

Expected evolution of the Company

The focus of the Company will be to further execute its strategy to be the provider of choice of sophisticated wealth planning solutions using life assurance for partners and their clients.

Over the past three years, the Company has invested significantly in strengthening its wealth planning and product capabilities, in upgrading systems and improving efficiency of its operations, and in developing sophisticated, holistic solutions which respond to the ever-changing needs of a complex environment and an international, mobile clientele.

As a result of these investments and its new shareholder's strong commitment, the Company is now well positioned to build on growth in its existing key markets as well as move into new territories which provide untapped opportunity; continue to invest in the development of relevant solutions which provide added value for wealth planning strategies, and, increase its presence and distribution in a number of markets to better service its partners and clients.

Directors

The Directors who held office during the year were as follows:

Norbert Becker (Chairman until 30 January 2015, Director from 30 January 2015)
John Hillman (from 30 October 2014, Chairman from 30 January 2015)
Menes Chee (from 30 October 2014)
Andrea Valeri (from 30 October 2014)
Jan Carendi (from 30 October 2014)
John van der Wielen
Emer P. Daly
Claude Marx
Martin Naville (until 30 October 2014)
Jerry Linehan (until 30 October 2014)
Marcus Adams (until 30 October 2014)
James Tan (until 30 October 2014)
Matt Moran (until 6 January 2014)

Share Capital

Details of the Company's share capital are set out in note 15 to the annual accounts.

Auditors

Ernst & Young S.A., Luxembourg, acted as auditors of the Company for the year ended 31 December 2014. A resolution for the re-appointment of Ernst & Young as auditors is to be proposed at the forthcoming Annual General Meeting.

Proposed Dividend and Transfer to Reserves

No dividend is proposed for the year ended 31 December 2014.
Proposed transfers to reserves are disclosed in the note 16 to the annual accounts.

Significant Changes in Tangible Assets

The changes in tangible assets are set out in note 12 to the annual accounts.

Activities in the field of Research and Development

None.

Acquisition of own shares

None.

Branches

The Company has had one branch in Switzerland through 2014, however the branch ceased its activities in November 2014.
In November 2013, the Company set up a branch in Italy, which started operating on 1st April 2014.

Significant subsequent events

The management is not aware of any significant subsequent event.

Risk management policy

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and determines overall risk management policy for the Company. The Board of Directors is responsible for developing, sponsoring and monitoring the risk management activities and processes of the Company.

1. Investment in financial assets

The Company's policy is only to hold its own financial assets when required for corporate purposes, liquidity or treasury management. In this circumstance, only liquid and secure securities are selected. Lombard Derivatives Policy, as approved by the Board of Directors, states that the Company may enter into derivative positions on its own behalf, for hedging purposes only.

2. Exposure to credit risk

There is an exposure to credit risk as a result of the Company's business activities. Credit risk mainly arises from cash balances, loans, fixed income securities, money market funds, derivative agreements and reinsurance agreements. It is the Company's policy to enter into such transactions only with strongly rated banking and reinsurance counterparts. The company also has exposure to public bodies through tax advances made in the course of its business. In addition, the Company is, to a limited extent, exposed to counterparty risk on advances to suppliers or intermediaries, which are monitored regularly.

3. Exposure to liquidity risk

The Company is primarily exposed to shareholder liquidity risk in respect of its ability to fund its day-to-day cash flow requirements. The overall objective of shareholder liquidity risk management is to ensure that there is sufficient liquidity over short (up to one year) time horizons to meet the needs of the business.

The Company may use debt and external liquidity facilities to fund its on-going growth needs. The Company minimises related exposures to interest rate and foreign exchange risk by maintaining only minimal necessary open positions.

Audit and Risk Committee ("ARC") Report

Purpose and terms of reference

The purpose of Audit and Risk Committee (the "Committee") is to assist the Board of Directors in fulfilling its responsibility in respect of Lombard International Assurance's financial reporting process, internal controls, risk management matters, compliance with regulatory requirements, as well as adherence to the policies of the Company. This includes exercising oversight of the internal and external audit work performed.
The role, responsibilities and work of the Committee can best be understood by reference to its written terms of reference, which have been approved by the Board of Directors.

Membership and attendance

Following the change of shareholders which happened in 2014, the membership of the Committee was reviewed. The members of the Committee are:

- Emer Daly – Chairperson
- *Jerry Linehan (until 07 November 2014)*
- *Martin Naville (until 07 November 2014)*
- John van der Wielen (from 07 November 2014)
- Jan Carendi (from 07 November 2014)

Committee meetings are usually attended, at the invitation of the Chairperson, by the Chief Executive Officer, the Chief Risk Officer, the Chief Financial Officer, the Internal Auditor, and representatives of the shareholders. Ernst & Young, external auditors, also attend regularly and other members of the Board of Directors may attend from time to time.

Activities and work of the Committee

During 2014, the Committee met on four occasions to address areas under its supervision. In particular, the Committee reviewed the following areas:

External audit
The Committee reviewed the external auditor's reports, monitored and followed up management actions in response to any issues or management letter points raised. Special reports were also considered and followed-up.
In addition, the Committee reviewed key financial reporting established by management and in particular the key assumptions and judgement areas underlying the establishment of annual accounts, for further discussion at the Board of Directors for their approval.

Internal Audit
The Committee supervises the Internal Audit Function. The Committee approved the annual internal audit plan, received all internal audit reports issued in the year, reviewed update reports to the Committee which include an overall opinion on the control environment and monitored the implementation of agreed actions. The structure and resourcing of the Internal Audit Function is regularly considered and a revised Internal Audit Charter was approved by the Committee in December 2014.

AUDIT AND RISK COMMITTEE ("ARC") REPORT (CONTINUED)

Risk Management

The Committee monitored the overall risk management environment, reviewed periodical reports and monitored follow-up performed by management.

The Committee further reviewed the system of risk management and annual activity programme of the risk function to ensure its oversight responsibility and obtained assurance through the Control Self-Assessment exercise.

Compliance

The Committee approved the Company's annual compliance monitoring plan, received quarterly reports from the Compliance function and reviewed progress with the compliance plan.

Amongst other themes, the Committee considered the potential changes in the legal environment for the Company in Luxembourg and across the various jurisdictions where the Company operates.

Solvency II

The Committee monitored closely the Company's progress in the implementation of Solvency II regulation and related matters, in accordance with the agreed project plan.

Corporate Governance and Policies

When applicable, the Committee reviewed and made recommendations to the Board of Directors in respect of the regularly proposed new and revised corporate policies falling in its remits, the Company's corporate governance structure in the area of Risk and Compliance and related delegations of authority.

Within its schedule of meetings, the Committee fulfilled its main role and responsibilities and as a consequence can confirm that it has met its requirements during 2014 and up to the date of this report.

On behalf of the Audit & Risk Committee

Emer Daly
Chairperson

Building a better
working world

Ernst & Young
Société anonyme

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Independent auditor's report

To the Shareholders of
Lombard International Assurance
Société Anonyme
Luxembourg

Report on the annual accounts

Following our appointment by the General Meeting of the Shareholders dated 23 April 2014, we have audited the accompanying annual accounts of Lombard International Assurance, which comprise the balance sheet as at 31 December 2014 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts and for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Lombard International Assurance as of 31 December 2014, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Jean-Michel Pacaud

Luxembourg, 27 April 2015

LOMBARD INTERNATIONAL ASSURANCE S.A.
Profit and loss account for the year ended 31 December 2014
(Expressed in Euros)

	Notes	2014	2013
TECHNICAL ACCOUNT LIFE ASSURANCE BUSINESS			
Earned premiums, net of reinsurance			
Gross premiums written	2(b), 21	2,810,982,963	2,266,509,131
Outward reinsurance premiums	3	(979,155)	(875,854)
		2,810,003,808	**2,265,633,277**
Investment income	4	**2,110,883,710**	**2,315,644,639**
Unrealised gains on investments		**3,063,055,140**	**1,653,907,785**
Claims incurred, net of reinsurance	5	**(1,950,316,747)**	**(1,672,683,536)**
Change in technical provisions, net of reinsurance	18	**(2,533,277,775)**	**(1,380,454,493)**
Net operating expenses	6, 17, 22, 23	**(121,635,178)**	**(125,856,199)**
Investment charges	7	**(1,562,171,732)**	**(2,011,562,688)**
Unrealised losses on investments		**(1,811,068,664)**	**(1,032,025,189)**
Balance on the technical account - life assurance business		**5,472,562**	**12,603,596**
NON-TECHNICAL ACCOUNT			
Balance on the technical account - life assurance business		**5,472,562**	**12,603,596**
Tax on profit on ordinary activities		**(6,420)**	-
Profit on ordinary activities after tax		**5,466,142**	**12,603,596**
Other taxes	26	**(565,852)**	**(578,792)**
Profit for the financial year		**4,900,290**	**12,024,804**

The accompanying notes form an integral part of these annual accounts.

LOMBARD INTERNATIONAL ASSURANCE S.A.

Balance Sheet as at 31 December 2014 (Expressed in Euros)

ASSETS	Notes		2014		2013
Intangible assets	12		**11,003,725**		**11,700,145**
Investments	8		**29,101,662**		**13,015,553**
Investments for the benefit of life assurance policyholders who bear the investment risk	9		**25,666,805,878**		**23,207,730,767**
Reinsurers' share of technical provisions	10, 18		**133,255,052**		**210,418,302**
Debtors	11		**82,644,190**		**66,003,023**
Other assets					
Tangible assets	12	985,481		756,666	
Cash at bank and in hand	13	43,770,851		49,925,946	
			44,756,332		**50,682,612**
Prepayments and accrued income					
Deferred acquisition costs	14	77,490,996		91,637,947	
Other prepayments and accrued income		2,010,484		1,156,764	
			79,501,480		**92,794,711**
Total Assets			**26,047,068,319**		**23,652,345,113**
LIABILITIES					
Capital and reserves					
Subscribed capital	15	2,006,875		2,006,875	
Share premium		10,674,161		10,674,161	
Reserves	16	200,688		200,688	
Profit brought forward	16	86,844,814		90,820,010	
Profit for the financial year		4,900,290		12,024,804	
Interim dividend	16	-		(10,000,000)	
			104,626,828		**105,726,538**
Technical provisions	18		**810,721**		**800,923**
Technical provisions for life assurance policies where the investment risk is borne by the policyholders	18		**25,678,566,979**		**23,222,462,252**
Provisions for other risks and charges	17		**13,894,530**		**14,333,501**
Deposits received from reinsurers			**133,255,052**		**210,418,302**
Creditors	19		**100,330,724**		**89,704,501**
Accruals and deferred income			**15,583,485**		**8,899,096**
Total Liabilities			**26,047,068,319**		**23,652,345,113**

The accompanying notes form an integral part of these annual accounts.

1. General

Lombard International Assurance S.A. ("the Company") is a pan-European life insurance company incorporated on 16 July 1991 as a "société anonyme" under Luxembourg company law. The Company issues unit-linked life assurance policies.

On 27 October 2014, the Company became a wholly owned subsidiary of Lombard International Assurance Holdings S.à r.l. (formerly BTO Monarch Luxembourg Holdings S.à r.l.).
The Company is included in the consolidated accounts of LIA TopCo Ltd., S.à r.l. ("the parent company"), a company incorporated in Cayman Islands, of Luxembourg nationality, and having its central administration and seat of effective management in Luxembourg. The parent company establishes consolidated accounts, including the Company, which are available upon request at 4, rue Lou Hemmer, L-1748 Luxembourg.
Until 27 October 2014, the Company was a wholly owned subsidiary of Friends Life Group Limited, a company incorporated in the United Kingdom.

The Company had one branch in Switzerland, which ceased its activities in November 2014 and has one branch in Italy, set up on 28 November 2013 and which started operating on 1st April 2014.

In accordance with article 95.2 bb) of the modified Law of 8 December 1994 on the annual accounts of insurance and reinsurance companies, the Company is exempted from preparing consolidated annual accounts and a consolidated Directors' report.

2. Accounting policies

a) Basis of preparation

These annual accounts are prepared in accordance with the modified Law of 8 December 1994 on the annual accounts of insurance and reinsurance companies and comply with the Insurance Accounts Directive 91/674/EEC which became effective for financial years beginning on or after 1 January 1995.
The accounting policies are determined by the Board of Directors.

b) Premiums

Premiums are credited to the profit and loss account when the policy is issued. Premiums received in advance, which represent those premiums received prior to the balance sheet date and for which no policy has been issued, are not included in the profit and loss account but are included in "Creditors - Creditors arising out of direct insurance operations".

c) Investments

Internal fund assets are valued at market value at the balance sheet date. Quoted securities are valued at their quoted closing price. Non-quoted investments are valued in good faith by the Directors, with reference to their latest available prices or latest available information.

2. Accounting policies (continued)

Company investments other than debt securities and other fixed income securities held are stated at the lower of cost or net realisable value.
Debt securities and other fixed income securities are valued at historical acquisition cost, or redemption value, taking into account the following elements:

- a positive difference between the acquisition cost and the redemption value is written off in instalments until maturity;
- a negative difference between the acquisition cost and the redemption value is released to income in instalments until maturity.

If the Directors expect the impairment in value to be permanent in nature, debt securities and other fixed income transferable securities are valued at the lower value to be attributed to them at the balance sheet date. These value adjustments may not be carried when the reasons for which they were made cease to apply.

d) Claims

Claims are recognised in the profit and loss account when notified and when all contractual requirements are fulfilled.

e) Foreign Currencies

The Company maintains its records in Euro (€), and these annual accounts are expressed in this currency. Assets and liabilities in other currencies are translated into € at the exchange rates prevailing at the balance sheet date. The resulting foreign exchange gains or losses are included in the result of the year. Transactions during the year are translated at the rates prevailing at the previous month end. Currency exposures that are fully hedged are considered to be neutral in relation to currency fluctuations. Any valuation difference which may arise is neutralised so that the results for the year are not affected.
The year-end exchange rates of the main currencies used by the Company are summarised as follows:

	2014	2013
EUR 1 =	USD 1.21	USD 1.38
EUR 1 =	GBP 0.78	GBP 0.83
EUR 1 =	CHF 1.20	CHF 1.23

f) Technical provisions

Life assurance provisions are valued at the best actuarial estimate of the commitment of the Company, on a contract per contract basis.

The technical provisions for life assurance policies where the investment risk is borne by the policyholders relate to the current portfolio of policies and are equal to the net value of internal funds to which policies are linked. Surrenders and withdrawals payable are shown under "Creditors arising out of direct insurance operations".

In order to reflect the policyholders' technical provisions, which include the performance of their linked investments, internal fund assets are valued at market value at the balance sheet date.

2. Accounting policies (continued)

g) Intangible and tangible assets

Intangible and tangible assets are stated at their purchase price. Depreciation is provided so as to write off their cost by equal instalments over their estimated useful lives of three to five years. Asset additions are depreciated monthly from the date of acquisition or their first use. Value adjustments are also made in respect of intangible and tangible assets, so that they are valued at the lower figure to be attributed to them at balance sheet date if the Directors expect that the reduction in their value will be permanent.

h) Deferred acquisition costs

Relevant acquisition costs are deferred on policies where such costs are not fully covered by initial charges. Such deferral is limited to the value of future guaranteed surrender charges. This approach is applied on a policy-by-policy basis. Deferred acquisition costs are amortised over a period up to ten years.

3. Reinsurance

The Company has a reinsurance treaty with Hannover Life Re Germany to cover amounts at risk in excess of €8,000 (2013: €8,000) on any one life and certain blocks of the technical provisions, relating to policyholders who bear the investment risk. With effect 1 January 2007, an additional surplus coinsurance treaty was entered into with Hannover Life Re Germany and SCOR Global Life Re (Germany). The terms of the treaty mirror those of the amended pre 2007 business treaty with Hannover Life Re, with the exception of increased capacity in certain markets. The Company also has financial reinsurance and quota share treaties with Hannover Life Re Germany and Munich Re AG.

4. Investment Income

	2014	2013
	€	€
Income from participating interests	1,387,388	1,198,562
Income from affiliated undertakings	34,000,000	34,500,000
Income from other investments	294,155,293	273,384,767
Realised gains on the sale of investments	1,781,341,029	2,006,561,310
	2,110,883,710	**2,315,644,639**

5. Claims incurred net of reinsurance

	2014	2013
	€	€
Claims paid		
Gross amount	(2,027,479,997)	(1,988,756,818)
Reinsurers' share	77,163,250	316,073,282
	(1,950,316,747)	**(1,672,683,536)**

As at 31 December 2014, surrenders and partial withdrawals for an amount of €108,903,096 (2013: €179,796,946) were notified to the Company but not yet processed due to pending documentation and other contractual requirements. Therefore these contracts are still disclosed under Technical provisions for life assurance policies where the investment risk is borne by the policyholders. Representing assets are disclosed under Investments for the benefit of life assurance policyholders who bear the investment risk.

6. Net Operating Expenses

	2014	2013
	€	€
Acquisition expenses		
Direct commissions	(8,366,309)	(10,086,859)
Other acquisition costs	(58,201,994)	(58,821,526)
Change in deferred acquisition costs	(14,146,951)	(17,205,446)
Administration expenses	(39,752,287)	(40,408,683)
Reinsurance commission	(1,167,637)	666,315
	(121,635,178)	**(125,856,199)**

Total commissions to intermediaries for direct insurance for the year amount to €42,927,380 (2013: €49,128,897). An amount of €32,594,639 (2013: €38,127,201) of these commissions were paid to an affiliated undertaking. Administration expenses include commissions for €1,616,948 (2013: €1,474,866) paid to an affiliated undertaking.

7. Investment Charges

	2014	2013
	€	€
Investment management charges		
Third party charges	(93,353,208)	(95,532,464)
Fund maintenance costs	(4,330,283)	(4,616,671)
Interest charges attributable to reinsured business	(38,240)	(168,119)
Realised losses on the sale of investments	(1,464,450,001)	(1,911,245,434)
	(1,562,171,732)	**(2,011,562,688)**

8. Investments

	2014	2013
	€	€
Shares in affiliated undertakings (note a)	125,000	125,000
Participating interests (note b)	322,229	315,737
Shares and other variable yield securities and units in unit trusts:		
Book value (note c)	26,112,432	10,544,076
Debt securities and other fixed income securities :		
Book value (note d)	1,411,966	911,570
Deposits with credit institutions	1,130,035	1,119,170
	29,101,662	**13,015,553**

Note a:
Shares in affiliated undertakings of €125,000 represent a 100% shareholding in Lombard Intermediation Services S.A., a financial intermediation company incorporated in Luxembourg on 5 November 2010, under law of 5 April 1993 on the financial sector as modified. As at 31 December 2014, the shareholders' equity of the company, including the result for the year less distributions made to the Shareholders, amounted to €4,284,840 (2013: €4,758,913). The company made a profit for the 2014 financial year of €33,653,644 (2013: €34,185,556) and distributed an interim dividend of €30,000,000 in 2014 (2013: €30,000,000).

Note b:
The participating interest of €322,229 (CHF388,783) represents a 25% financial interest (consisting of preference shares and non-voting participation certificates) in IDH A.G., a Swiss holding company incorporated on 28 April 2000. The realisable value of the Company's share in IDH capital is estimated at €696,734 (CHF837,893) (2013: €793,575 (CHF977,170)) based on the percentage held in the shareholders' equity of the company. The objects of IDH A.G. are the acquisition, continuing administration and the sale of participations in non-Swiss enterprises which are engaged in the insurance business and related services. As at 31 December 2014, the shareholders' equity of the company, including the result for the year, amounted to CHF3,351,570 (2013: CHF3,908,678). The company made a profit for the 2014 financial year of CHF1,142,892 (2013: CHF1,778,070).

Note c:
Shares and other variable yield securities: market value €26,190,824 (2013: €10,611,769) of which €501,848 covers "Technical provisions" and "Creditors arising out of direct insurance operations" (2013: €213,935)

Note d:
Debt securities and other fixed income securities: market value €1,486,588 (2013: €956,739), of which €1,486,588 (2013: €956,739) covers "Technical provisions" and "Creditors arising out of direct insurance operations". As at 31 December 2014, premiums not yet amortised on these debt securities amount to €39,321 (2013: €48,040).

9. Investments for the benefit of life assurance policyholders who bear the investment risk

	2014	2013
	€	€
Equities	2,608,687,033	1,796,221,575
Bonds	3,572,023,835	3,653,240,759
Investment funds	14,401,755,026	13,627,999,120
Unquoted equities	2,776,840,842	1,847,593,071
Cash, term deposits and other net assets	2,307,499,143	2,282,676,242
	25,666,805,879	**23,207,730,767**

10. Reinsurers' share of technical provisions

	2014	2013
	€	€
Technical provisions for life assurance policies where the investment risk is borne by the policyholders	133,255,052	210,418,302
	133,255,052	**210,418,302**

11. Debtors

	2014	2013
	€	€
Debtors arising out of insurance operations		
Intermediaries	1,050	1,572
Other debtors	82,643,140	66,001,451
	82,644,190	**66,003,023**

Other debtors include amounts owed by affiliated undertakings for an amount of €4,233 (2013: €7,550).
Other debtors include an amount of €52,532,212 (2013: €33,105,545) relating to foreign tax advances made in respect of applicable insurance policies.

12. Intangible and tangible assets

Intangible assets comprise costs capitalised in respect of systems development.
Movements in intangible assets are as follows:

	2014	2013
	€	€
Net book value at the beginning of the year	11,700,145	11,692,627
Additions	3,718,748	5,248,908
Amortisation and depreciation	(4,415,167)	(5,241,390)
Net book value at the end of the year	11,003,725	11,700,145

Movements in tangible assets are as follows:

	Furniture	Fixtures / fittings	Computer installation	Other fixed assets	Total
	€	€	€	€	€
Cost					
As at 1 January 2014	1,854,338	1,352,470	5,424,682	66,065	8,697,555
Additions	123,747	113,193	358,147	-	595,087
Disposals	-	-	(201,726)	(9,785)	(211,511)
As at 31 December 2014	1,978,085	1,465,663	5,581,103	56,280	9,081,131
Accumulated Depreciation					
As at 1 January 2014	(1,698,025)	(1,127,071)	(5,049,728)	(66,065)	(7,940,889)
Depreciation for year	(66,767)	(105,586)	(193,919)	-	(366,272)
Disposals	-	-	201,726	9,785	211,511
As at 31 December 2014	(1,764,792)	(1,232,657)	(5,041,921)	(56,280)	(8,095,650)
Net Book Value					
As at 31 December 2013	156,313	225,399	374,954	-	756,666
As at 31 December 2014	213,293	233,006	539,182	-	985,481

13. Cash at bank and in hand

Cash at bank and in hand amounted to €43,770,851 (2013: €49,925,946), of which €14,650,836 (2013: €18,960,866) covers "Technical provisions" and "Creditors arising out of direct insurance operations".

14. Deferred acquisition cost

Deferred acquisition costs amount to €77,490,996 (2013: €91,637,947), of which €11,761,101 (2013: €14,706,796) covers "Technical provisions for life assurance policies where the investment risk is borne by the policyholders".

15. Subscribed capital

The Company's share capital comprises, as of 31 December 2014:

	Issued and fully paid 31 December 2014	
	Quantity	€
FP shares of € 0.01 each	198,887,500	1,988,875
SR share of € 0.01 each		
- category B	600,000	6,000
- category C	600,000	6,000
- category D	600,000	6,000
Total shares of € 0.01 each	**200,687,500**	**2,006,875**

The shares each carry one vote at General Meetings. The shares are entitled to dividends, according to specific provisions of the statutes.

16. Reserve and profit brought forward

	2014	2013
	€	€
Result brought forward at the beginning of the year	90,820,010	95,265,738
Dividend distributed	(16,000,000)	(5,000,000)
Profit for the preceding year	12,024,804	554,272
Profit available for appropriation	**86,844,814**	**90,820,010**
Profit brought forward	**86,844,814**	**90,820,010**

Reserves correspond to the legal reserve (2014: €200,688 ; 2013: €200,688)

16. Reserve and profit brought forward (continued)

In accordance with article 72 of Luxembourg company law, an amount of 5% of net profits should be allocated to a non-distributable legal reserve, until this reserve reaches 10% of the subscribed capital. No amount must be allocated to the legal reserve in respect of the 2014 financial year as the legal reserve has reached 10% of the subscribed capital.

In accordance with paragraph 8a of the net worth tax law, the Company deducts from its tax basis for net worth tax, the net worth tax incurred during the financial year up to the amount of tax on profit. Such a deduction is subject to allocating an amount equal to five times the net worth tax deducted, to a non-distributable reserve, by a resolution at the Annual General Meeting of shareholders. Such a reserve is required to be maintained during 5 years. As, in 2013, the Company had no tax on profit, the net wealth tax could not be deducted from the tax basis. Therefore, no allocation to the special reserve had to be made by the 2014 Annual General Meeting. Similarly, no allocation to this special reserve shall be proposed by the 2015 Annual General Meeting of shareholders.

In 2013, in accordance with Article 72-2 of the amended law of 10 August 1915 on commercial companies, the Board of Directors had approved the payment of interim dividends (€5,000,000 paid on 30 July 2013 and €5,000,000 paid on 23 December 2013). A further dividend of €6,000,000 had been paid in 2014.

17. Provisions for other risk and charges

	2014	2013
	€	€
Provisions for taxation	217,399	650,278
Other provisions		
LESIP	2,230,225	2,059,596
Other	11,446,906	11,623,627
	13,894,530	**14,333,501**

The Company has a Long Term Executive Share Incentive Plan (LESIP) under which notional share units may be allocated to members of management and sales personnel. Value vests three years after the allocation date and represents a participation in the increase in the Company's value over the relevant period. The position of €2,230,225 (2013: €2,059,596) represents the best estimate of the current liabilities by the Board of Directors under the Executive Share Incentive Plan.

Other provisions include a provision for restructuring costs for €445,293 (2013: €2,980,340).

18. Technical provision

	Technical provisions for unit- linked liabilities	Life assurance provision	Total
	€	€	€
Gross amount			
At beginning of year	23,222,462,252	800,923	23,223,263,175
Gross change	1,989,876,340	9,798	1,989,886,138
Foreign exchange movement	466,228,387	-	466,228,387
At end of year	**25,678,566,979**	**810,721**	**25,679,377,700**
Reinsurers' share			
At beginning of year	(210,418,302)	-	(210,418,302)
Gross change	77,163,250	-	77,163,250
At end of year	**(133,255,052)**	-	**(133,255,052)**
Change in technical provisions, net of reinsurance	**2,533,267,977**	**9,798**	**2,533,277,775**

19. Creditors

	2014	2013
	€	€
Creditors arising out of direct insurance operations	27,564,718	33,745,641
Creditors arising out of reinsurance operations	815,217	2,596,603
Amounts owed to credit institutions	40,273	6,641
Other creditors		
Tax and social security payable	8,929,107	5,552,839
Other payables	62,981,409	47,802,777
	100,330,724	**89,704,501**

Other payables include amounts owed to affiliated undertakings for an amount of €10,762,099 (2013: €9,316,574).

20. Reinsurance balance

There was a negative reinsurance balance for the year of €2,185,032 (2013: negative €377,658).

21. Gross premiums – Geographic and product analysis

	2014	2013
	%	%
Belgium	1.7	2.1
Finland	7.9	10.7
France	14.5	18.2
Germany	0.3	3.8
Italy	21.0	21.6
Spain	6.9	16.4
Sweden	2.8	9.1
United Kingdom	12.3	15.1
Luxembourg	0.1	0.1
Norway	0.1	0.0
Portugal	0.0	0.0
Mexico	31.9	0.9
Other countries outside EEA	0.5	2.0
	100.0	**100.0**
Single Premium	100.0	99.8
Regular Premium	0.0	0.2
	100.0	**100.0**

All premiums written were individual contracts where the investment risk is borne by the policyholders.

22. Management Emoluments

Amounts paid to the Company's management by way of remuneration for the year amounted to €6,491,944 (2013: €5,416,594). Remuneration paid to the members of the Board of Directors amounted to €96,250 (2013: €255,000).

23. Average number and remuneration of employee

The average number of employees during the year was 320 (2013: 327) (of which 24 (2013: 21) were management and 296 (2013: 306) were staff), 302 (2013: 311) of whom were employed exclusively in the Grand Duchy of Luxembourg. Employee costs for the year consist of:

	2014	2013
	€	€
Salaries and wages	30,085,436	29,829,361
Social security costs	3,348,959	3,255,783
(which includes pension costs of	*2,424,586*	*2,258,999*

24. Contingencies and commitments

The Company entered into lease agreements for its office premises for a period ending 31 December 2018.
The monthly rental in respect of these leases is €238,719 (2013: €235,200).

The Company has also guaranteed amounts on behalf of certain employees for rental properties which total €155,925 (2013: €10,267).

Total future commitments of the Company amount to €17,425,040 (2013: €18,231,986), of which €4,651,570 (2013: €3,965,459) is due within one year.

25. Fees billed by Ernst & Young S.A., Luxembourg and other Ernst & Young member firms

Fees billed to the Company by Ernst & Young S.A., Luxembourg and other member firms of the Ernst & Young network:

	2014	2013
	€	€
Audit fees Ernst & Young	263,803	279,965
Non audit related fees	102,266	167,255
	366,069	**447,220**

Such fees are included in administration expenses in the profit and loss account.

26. Other taxes

	2014	2013
	€	€
Net wealth tax	(552,589)	(542,845)
Prior years tax provision adjustments	11,453	(10,377)
Other taxes	(24,716)	(25,570)
	(565,852)	**(578,792)**